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UNITED STATES PATENT AND TRADEMARK OFFICE

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BEFORE THE PATENT TRIAL AND APPEAL BOARD

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*Ex parte* JAY MONAHAN and STACY A. LEE

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Appeal 2015-005948<sup>1</sup>  
Application 10/412,194<sup>2</sup>  
Technology Center 3600

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Before NINA L. MEDLOCK, AMEE A. SHAH, and  
ALYSSA A. FINAMORE, *Administrative Patent Judges*.

MEDLOCK, *Administrative Patent Judge*.

DECISION ON APPEAL

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<sup>1</sup> Our decision references Appellants' Appeal Brief ("App. Br.," filed December 8, 2014) and Reply Brief ("Reply Br.," filed June 2, 2015), and the Examiner's Answer ("Ans.," mailed April 2, 2015) and Final Office Action ("Final Act.," mailed May 12, 2014). We note that the pages of Appellants' Reply Brief are unnumbered; we refer to the title page as page 1 and treat the pages that follow as though consecutively numbered.

<sup>2</sup> Appellants identify eBay, Inc. as the real party in interest. App. Br. 2.

## STATEMENT OF THE CASE

Appellants appeal under 35 U.S.C. § 134(a) from the Examiner's rejection of claims 1–5, 7, 8, 10, 13, 14, 16–20, 22, 23, 25, 27–29, 37, and 39–45. We have jurisdiction under 35 U.S.C. § 6(b).

We AFFIRM.

## CLAIMED INVENTION

Appellants' claimed invention "relates generally to the field of online promotions and, more specifically to a method and a system to incentivize a seller to perform an activity relating to a network-based marketplace" (Spec. ¶ 1).

Claims 1, 16, 37, and 39 are the independent claims on appeal. Claim 1, reproduced below with bracketed notations added, is illustrative of the claimed subject matter:

1. A method to incentivize a seller to perform an activity relating to a network-based marketplace, the method including:

[(a)] informing the seller that a first activity award is obtainable responsive to the seller performing a first activity that is associated with a listing and a buyer performing a second activity that is associated with the listing;

[(b)] detecting the performance of the first activity, the detecting of the performance of the first activity including detecting a reception of an election from the seller, the election authorizing the network-based marketplace to utilize the listing to communicate an encouragement to the buyer to perform the second activity including utilizing a particular payment service to pay the seller;

[(c)] generating a listing description web page including the listing including a description of an item that is being offered for sale by the seller and a text string encouraging the buyer to utilize the particular payment service to pay the seller, the generating the listing description web page including inserting the text string into the listing description web page responsive to the detecting the reception of the election from the seller that authorizes the network-based marketplace to insert the text string and enables the seller to receive the first activity award responsive to the buyer utilizing the particular payment service to pay the seller;

[(d)] communicating the listing description web page to the buyer;

[(e)] detecting the performance of the second activity, the detecting of the performance of the second activity including detecting a progression of an online transaction to a predetermined activity including receiving a payment from the buyer for the item described by the listing and receiving notification that the buyer utilized the payment service to pay the seller, the detecting the performance of the second activity done at least in part through the use of one or more processors; and

[(f)] awarding the seller the first activity award responsive to the seller performing the first activity that is associated with the listing and the buyer performing the second activity that is associated with the listing.

## REJECTIONS

Claims 1–5, 7, 8, 10, 13, 14, 16–20, 22, 23, 25, 27–29, 37, and 39–45 are rejected under 35 U.S.C. § 101 as directed to non-statutory subject matter.

Claims 1–5, 7, 8, 10, 13, 14, 16–20, 22, 23, 25, 27–29, 37, and 39–45 are rejected under 35 U.S.C. § 103(a) as unpatentable over Eyre (US 2003/0105705 A1, pub. June 5, 2003) and Official Notice.

## ANALYSIS

### *Non-Statutory Subject Matter*

Under 35 U.S.C. § 101, an invention is patent-eligible if it claims a “new and useful process, machine, manufacture, or composition of matter.” 35 U.S.C. § 101. The Supreme Court, however, has long interpreted § 101 to include an implicit exception: “[l]aws of nature, natural phenomena, and abstract ideas” are not patentable. *See, e.g., Alice Corp. Pty. Ltd. v. CLS Bank Int’l*, 134 S. Ct. 2347, 2354 (2014).

The Supreme Court, in *Alice*, reiterated the two-step framework previously set forth in *Mayo Collaborative Services v. Prometheus Laboratories, Incorporated*, 132 S. Ct. 1289, 1300 (2012), “for distinguishing patents that claim laws of nature, natural phenomena, and abstract ideas from those that claim patent-eligible applications of those concepts.” *Alice Corp.*, 134 S. Ct. at 2355. The first step in that analysis is to “determine whether the claims at issue are directed to one of those patent-ineligible concepts.” *Id.* If the claims are not directed to a patent-ineligible concept, e.g., to an abstract idea, the inquiry ends. Otherwise, the inquiry proceeds to the second step where the elements of the claims are considered “individually and ‘as an ordered combination’” to determine whether there are additional elements that “‘transform the nature of the claim’ into a patent-eligible application.” *Id.* (quoting *Mayo*, 132 S. Ct. at 1297).

The Court acknowledged in *Mayo*, that “all inventions at some level embody, use, reflect, rest upon, or apply laws of nature, natural phenomena, or abstract ideas.” *Mayo*, 132 S. Ct. at 1293. We, therefore, look to whether the claims focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the

abstract idea and merely invoke generic processes and machinery.

*See Enfish, LLC v. Microsoft Corp.*, 822 F.3d 1327, 1336 (Fed. Cir. 2016).

Appellants maintain here that the § 101 rejection cannot be sustained because the Examiner has not provided evidentiary support for the Examiner's finding that the claims are directed to a method of organizing human activity, and has, thus, failed to establish a prima face case that the claims are directed to an abstract idea (Reply Br. 7–14). More particularly, Appellants charge that the Examiner has failed to clearly articulate the reasoning and underlying findings of fact required to support a § 101 rejection (*id.* at 10). And Appellants assert that unless the Examiner provides authoritative documentation, as the Supreme Court did in *Alice*, the Examiner has not performed a proper § 101 analysis (*id.* at 11–12).

As an initial matter, we find nothing in *Alice* that requires the Office to identify specific references or provide “authoritative documentation” to support a finding that a claim is directed to an abstract idea. Nor, contrary to Appellants' suggestion (*see* Reply Br. 12–13), did this Board hold, in *PNC Bank v. Secure Access*, that there is any such requirement.

Here, in rejecting the pending claims under § 101, the Examiner analyzed the claims using the *Mayo/Alice* two-step framework, in accordance with the guidance set forth in the USPTO's “2014 Interim Guidance on Patent Subject Matter Eligibility,” 79 Fed. Reg. 74618 (Dec. 16, 2014). Specifically, the Examiner notified Appellants that independent claim 1 is directed to “identifying the rewards to be given to the sellers and buyers [in a marketplace] based on the different activities within the marketplace,” i.e., to a “fundamental way of organizing a human activity to achieve the outcome,” and, therefore, to an abstract idea; that the “steps or

acts performed” in claim 1 do not amount to “significantly more” than the abstract idea itself; and that “there is no improvement to another technology or technical field, no improvements to the functioning of the computer itself, and no meaningful limitations beyond generally linking the use of an abstract idea to a particular technical environment” (Ans. 5–6). The Examiner explained that independent claims 16, 37, and 39 are rejected for substantially the same reasons as set forth with respect to claim 1 (*id.* at 6, 7), and that the dependent claims are rejected based on a rationale similar to the claims from which they depend (*id.*). The Examiner, thus, performed a proper § 101 analysis such that the burden shifted to Appellants to explain why the claims are patent-eligible.

Addressing the first step of the *Mayo/Alice* analysis, Appellants assert that “the only types of claims that the [Supreme] Court has positively identified as being within the abstract ideas category” are claims directed to “an idea of itself” or to “a fundamental economic practice” (Reply Br. 17–19). Appellants argue that because the claims at issue here are not directed to an idea of itself or to a fundamental economic practice, the claims are not directed to an abstract idea (*id.*; *see also, e.g., id.* at 19 (“[E]ven if the claims at issue could somehow be construed as a method of organizing human activity, the claims at issue are patentable because they are not directed to a fundamental economic practice.”). Yet Appellants cannot reasonably deny, nor do they, that the Court, in *Alice*, referred to the concept of risk hedging (which the Court, in *Bilski*, identified as an abstract idea) as “a method of organizing human activity.” *Alice Corp.*, 134 S. Ct. at 2356.

We agree with Appellants that the Court did not suggest there that *all* methods of organizing human activities are directed to an abstract idea

(Reply Br. 19). But neither did the Court hold that only claims directed to an idea of itself or a fundamental economic practice are directed to an abstract idea. Appellants argue that the pending claims are not directed to an idea of itself or a fundamental economic practice, but Appellants present no persuasive argument or technical reasoning to explain why the pending claims are not directed to a method of organizing human activity that qualifies for treatment as an abstract idea.

We also are not persuaded of Examiner error by Appellants' argument that the pending claims are patent-eligible because the claims do not preempt or otherwise tie up the abstract idea of "identifying the rewards to be given to the sellers and buyers based on the different activities within the marketplace" (Reply Br. 15–16, 20–21, 28). Although the Supreme Court has described "the concern that drives this exclusionary principle [i.e., the exclusion of abstract ideas from patent eligible subject matter] as one of pre-emption," *see Alice Corp.*, 134 S. Ct. at 2354, characterizing pre-emption as a driving concern for patent eligibility is not the same as characterizing pre-emption as the sole test for patent eligibility. "The Supreme Court has made clear that the principle of preemption is the basis for the judicial exceptions to patentability" and "[f]or this reason, questions on preemption are inherent in and resolved by the § 101 analysis." *Ariosa Diagnostics, Inc. v. Sequenom, Inc.*, 788 F.3d 1371, 1379 (Fed. Cir. 2015) (citing *Alice Corp.*, 134 S. Ct. at 2354). Yet although "preemption may signal patent ineligible subject matter, the absence of complete preemption does not demonstrate patent eligibility." *Id.*

Turning to the second step of the *Mayo/Alice* framework, Appellants assert that even if the claims are directed to an abstract idea, the claims are



nonetheless directed to patent-eligible subject matter because the claims recite a “specially-configured computer” (Reply Br. 22). Appellants point to independent claim 16, for example, as reciting “‘*at least one machine including: a listing module, a detection module[,] a listing module and an award module*’ to perform the various operations” (*id.*). Yet there is no indication in the Specification that this “machine” involves any specialized hardware. To the contrary, the Specification describes that the machine

may be a personal computer (PC), a tablet PC, a set-top box (STB), a Personal Digital Assistant (PDA), a cellular telephone, a web appliance, a network router, switch or bridge, or any machine capable of executing a set of instructions (sequential or otherwise) that specify actions to be taken by that machine (Spec. ¶ 121).

Appellants further argue that claims are patent-eligible because the claimed steps are specified at a low level of generality (Reply Br. 23–24) and the resultant functionality recited in the claims is not conventional (*id.* at 25–27). Yet, that an abstract idea may be described in greater detail does make the idea any less abstract. It also is insufficient, without more, that the resultant functionality, i.e., the particular operations recited in the claims, e.g., “generating a listing description web page including . . . a description of an item that is being offered for sale by the seller and a text string encouraging the buyer to utilize the particular payment service to pay the seller,” as recited in claim 1, may not be routine or conventional when, by Appellants’ own admission, “the claim elements were implemented using conventional operations that were routine and well-known in the computer world” (*id.* at 27). “[A]fter *Alice*, there can remain no doubt: recitation of generic computer limitations does not make an otherwise ineligible claim

patent-eligible.” *DDR Holdings, LLC v. Hotels.com, L.P.*, 773 F.3d 1245, 1256 (Fed. Cir. 2014) (citing *Alice Corp.*, 134 S. Ct. at 2358)).

We also are not persuaded of Examiner error by Appellants’ further arguments that the pending claims, like those in *Diehr*,<sup>3</sup> solve a “*technological problem in conventional industry practice*” (Reply Br. 24) and that the claims are “*rooted in computer technology in order to overcome a problem specifically arising in a particular computer realm*,” like the claims in *DDR Holdings* (*id.* at 28–30). Appellants assert that the claims are directed “to the problem in conventional industry practice of creating a critical mass of merchandise on a network-based marketplace that is sufficient to attract buyers to the network-based marketplace” and to “a solution to this problem that involves incentivizing a seller to list their items on the network-based marketplace leading to a critical mass of merchandise that is sufficient to attract buyers to the network-based marketplace” (*id.* at 24; *see also id.* at 29–30). But “creating a critical mass of merchandise . . . sufficient to attract buyers” is not a technical problem; it is a marketing problem. And incentivizing sellers to list their items on the network-based marketplace leading to a critical mass of merchandise is a commercial solution, not a technical solution. The only portion of the pending claims that could be considered “technological” is the generic computer hardware, i.e., the claimed “machine,” used to implement the claimed invention, which is not enough to confer subject matter eligibility. *See Alice Corp.*, 134 S. Ct. at 2358 (“[I]f a patent’s recitation of a computer amounts to a mere instruction to ‘implemen[t]’ an abstract idea ‘on . . . a

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<sup>3</sup> *Diamond v. Diehr*, 450 U.S. 175 (1981)

computer,’ that addition cannot impart patent eligibility.”) (internal citations omitted).

For the foregoing reasons, we are not persuaded that the Examiner erred in rejecting claims 1–5, 7, 8, 10, 13, 14, 16–20, 22, 23, 25, 27–29, 37, and 39–45 under 35 U.S.C. § 101. Therefore, we sustain the Examiner’s rejection.<sup>4</sup>

### *Obviousness*

#### *Independent Claim 1 and Dependent Claims 2–5, 7, 8, 10, 13, 14, and 40–45*

In rejecting claim 1 under 35 U.S.C. § 103(a), the Examiner relies on Eyre as disclosing a method that incentivizes a seller to perform an activity related to a network-based marketplace, e.g., to list items for sale on an web-based auction system, and as further disclosing that a first activity award, e.g., recovery of a portion of the seller’s listing fee, is obtainable by the seller responsive to the seller performing a first activity that is associated with a listing, e.g., placing photographs and descriptions of the items or services for sale with the system administrator, and a buyer performing a second activity, e.g., purchasing the product or service, that is associated with the listing (*see* Final Act. 2–3 (citing Eyre ¶¶ 27, 55–57, 59, Figs. 5, 6); *see also* Ans. 8).<sup>5</sup> The Examiner acknowledges that Eyre does not disclose

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<sup>4</sup> In view of the foregoing, we need not, and do not, consider whether claim 37 is patent-ineligible under 35 U.S.C. § 101 for encompassing transitory signals.

<sup>5</sup> Eyre discloses a web-based auction system (Eyre ¶ 27), and discloses that sellers can place items for online auction; the sellers are responsible for submitting information about each item, e.g., descriptions and photographs, and are also responsible for paying a listing fee to list their goods and/or services on the auction website (*id.* ¶ 56). Rather than directing all revenue generated from the listing fees to the system administrator, a portion of the

(1) that the payments/awards to the seller are based on detecting an election from the seller to use his/her listing to encourage buyers to use a particular payment service, i.e., “detecting a reception of an election from the seller . . . authorizing the network-based marketplace to utilize the listing to communicate an encouragement to the buyer to perform the second activity . . . utilizing a particular payment service to pay the seller,” as recited in limitation (b) of claim 1, or (2) generating, responsive to the reception of the election from the seller, a listing description including a text string encouraging the buyer to utilize the payment service, i.e., limitation (c), as also recited in claim 1 (Final Act. 3–4; *see also* Ans. 8). And the Examiner takes Official Notice that it is

old and well known for sellers to **elect** if they want to display third party ads with their content, such as **electing** to encourage the buyer to use a particular payment plan or bank, finance company, such as pay pal, or mortgage company etc. to be displayed to their buyers in order to encourage the buyers to use

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listing fees is directed to a platform share fund and reallocated to the seller under certain conditions (*id.* ¶ 57). Buyers bid on the items listed for sale on the platform and may also provide feedback to the system administrator regarding their experience in transacting with a particular seller; this feedback may be used in determining the amount of share of the platform share fund that will be reallocated back to the seller (*id.* ¶ 59). Eyre discloses that in one embodiment, listing fees may be reallocated to the sellers as an incentive to continue to use the platform, and that seller may also receive unit credits or rewards after each successful auction (*id.* ¶ 69). For example, Eyre discloses, with respect to Figure 7, that if an auction is successful, and the seller is awarded credit units depending on whether feedback was provided by the buyer; if no feedback was provided, the seller is awarded five credit units (*id.* ¶ 70). On the other hand, if feedback was provided, the seller may receive from zero to five credit units, depending on the feedback (*id.*).

a particular third party service and provide collaboration in order to increase revenue

(Ans. 8; *see also* Final Act. 4). The Examiner then concludes that it would have been obvious to a person of ordinary skill in the art at the time of Appellants' invention to modify Eyre to include a seller election that authorizes the marketplace to encourage the buyer to use a particular payment service "to ease the payment process for both the sellers and the buyers" (Final Act. 4).

Appellants argue that the Examiner erred in finding that the Official Notice (appearing in the October 28, 2013 Non-Final Office Action) was not adequately traversed; that the Examiner failed, in the Final Office Action, to review Appellants' traversal pursuant to MPEP § 2144.03 C; that the facts originally noted in the Final Office Action are different from the facts noticed in the Non-Final Office Action, leaving Appellants with no opportunity to traverse; and that the Examiner should be required to provide documentary evidence for the rejection to be maintained (App. Br. 19–25).

Responding to Appellants' arguments in the Answer, the Examiner states:

The Examiner is hereby citing Forward [US 6,578,011 B1, iss. June 10, 2003], to support the [O]fficial Notice taken[,], which teaches sellers 24 electing to have or not to have third party advertisements to be displayed by the host site/item locator system 12 when selling the seller's property (see Figures 1 and 4). The third party advertisements can be an encouragement for buyer 10 to utilize a specific mortgage company (see col. 6, line 53 to col. 7, lines 1–3).

Ans. 8.

Appellants concede that Forward supports the statement, "The third party advertisements can be an encouragement for buyer 10 to utilize a specific mortgage company (see col. 6, lines 53 to col. 7, lines 1–3)" (Reply

Br. 39). But Appellants maintain that Forward fails to disclose an election from a seller and, therefore, fails to support the Examiner's Official Notice (*id.* at 40–41). We disagree.

Forward discloses a scenario at column 6, line 53 through column 7, line 3, in which item locator system 12 may negotiate arrangements with incentive providers to advertise on the locator website. In exchange for the advertising exposure, the incentive provider provides incentives that the item locator system may offer. For example, a particular mortgage company may want to be listed on a new house website to attract customers. And the incentive may specify that a free point is provided if that particular mortgage company issues the loan.

That the election whether to display an advertisement or not is made in this scenario by the item location system, acting as an agent for the seller whose property is being offered, and not directly by the seller, does not, in our view, disqualify Forward as support for the Examiner's Official Notice. But even assuming, for the sake of argument, that the cited portion of Forward fails to support the Official Notice, Forward discloses a scenario, in the very next paragraph, in which the seller, whose information is posted on the locator service, has a direct “say in the incentive provided as well” (Forward, col. 7, ll. 23–26). Forward, thus, discloses a scenario at column 7, lines 5–26, in which a builder, whose property is being offered through the item locator system, negotiates directly with the incentive provider, e.g., a particular lender or a particular landscaper with whom the builder has an affiliation, to display an advertisement relating, e.g., to deals for better mortgage rates with that lender or the provision of landscaping services with

the particular landscaper (*see id.* col. 7, ll. 16–21). In other words, in this scenario, Forward discloses an election by the seller.

Appellants argue that, even if the Official Notice was properly taken and is supported by Forward, Eyre, whether in combination with Official Notice or Forward, fails to disclose or suggest inserting a text string into a listing description web page encouraging a buyer to utilize a particular payment service to pay the seller responsive to detecting an election from the seller authorizing the use of such a listing, i.e., limitations (b) and (c), as recited in claim 1 (Reply Br. 44–49; *see also* App. Br. 28–32). But that argument fails at least because it appears based on Appellants’ assertion that Forward fails to disclose or suggest an election being received from the seller (*see* Reply Br. 47–49) – an assertion that we find erroneous for the reasons set forth above.<sup>6</sup>

In view of the foregoing, we sustain the Examiner’s rejection of independent claim 1 under 35 U.S.C. § 103(a). We also sustain the Examiner’s rejection of dependent claims 2–5, 7, 8, 10, 13, 14, and 40–45, which are not argued separately.

*Independent Claims 16, 37, and 39 and Dependent Claims 17–20, 22, 23, 25, and 27–29*

Appellants assert that the same arguments presented with respect to independent claim 1 are also applicable to independent claims 16, 37, and 39 (App. Br. 32). Therefore, we sustain the Examiner’s rejection under 35 U.S.C. § 103(a) of independent claims 16, 37, and 39 for the same

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<sup>6</sup> To the extent that Appellants argue that Eyre does not disclose or suggest the argued limitations, we note that the Examiner relies on Official Notice, not Eyre, as disclosing and/or suggesting the claimed features (Reply Br. 44–47; *see also* App. Br. 28–31).

reasons set forth above with respect to claim 1. For the same reasons, we also sustain the rejection of dependent claims 17–20, 22, 23, 25, and 27–29, which are not argued separately.

#### DECISION

The Examiner’s rejection of claims 1–5, 7, 8, 10, 13, 14, 16–20, 22, 23, 25, 27–29, 37, and 39–45 under 35 U.S.C. § 101 is affirmed.

The Examiner’s rejection of claims 1–5, 7, 8, 10, 13, 14, 16–20, 22, 23, 25, 27–29, 37, and 39–45 under 35 U.S.C. § 103(a) is affirmed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 C.F.R. § 1.136(a)(1)(iv).

AFFIRMED